

Fact: In order to balance the budget, Congress does not increase loan origination fees.

Fact: In order to balance the budget, Congress does not cut college work study.

Fact: In order to balance the budget, Congress does not cut supplemental education opportunity grants.

Fact: In order to balance the budget, Congress does not cut the TRIO program.

Fact: The President continues to claim that the direct student loan program saves the taxpayers \$5.2 billion, while lowering interest rates and fees to students. But the Congressional Budget Office, who the President said we should listen to, says that the direct student loan program costs taxpayers over \$1.5 billion, adding to the Niagara-size leak in Federal spending.

Mr. Speaker, I did not pick this fight on direct lending. I was here to cooperate, as we generally do on education issues. No one from the White House has ever contacted me in relationship to direct lending. What we said in direct lending was we would do a pilot program, and we would do a pilot program to see at the end of perhaps 7 years what is the best approach to the student loan program.

All of a sudden, the budget comes up from the White House, 2-year budget, direct lending, 100 percent in 2 years. We will not find out for 7 years whether anybody had the ability to collect. Oh, it is easy. Certainly certain universities and colleges love this business. All they have to do is give out the money. Who collects it? The Department of Education? I would be surprised if that would be successful.

But we are willing to do the pilot program. We did not change the rules. We did not change the direction we were going.

Fact: The Federal deficit results in up to a 2-percent higher interest rate for all Americans, including students.

Mr. Speaker, I want to get the facts straight so that the American people will not be frightened by scare tactics.

#### FACTS ON STUDENT LOANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from West Virginia [Mr. WISE] is recognized for 5 minutes.

Mr. WISE. Mr. Speaker, I appreciate the opportunity to address the House. I was listening to the distinguished chairman, and I just have to present the counterpoint to that, because I think this is going to be one of the most important issues that this Congress joins on the issue of student loans. I know that I participated in a rally this week at West Virginia University, and I am afraid that people are not quite as sanguine there about what the implications are. I am glad to hear some of the statements that were made, but, at the same time, I think we also ought to talk about what the implications are of this decision.

I know when I first raised these concerns just a few months ago, I was dismissed by those on the other side as well. There are no cuts intended. We know now, of course, that is not the case.

Let us talk about, for instance, what the elimination of deferral of interest even for graduate students can mean. It is estimated it can cost starting \$6,000 adding to the lifetime cost of a loan and go up past that. Certainly someone trying to go to medical school or some of the other graduate level professions can incur large costs.

But let me say this: I heard a lot about balancing the budget. We are talking about \$10 billion. I have had it up to here with everybody who wants to balance the Federal budget and then points to the family budget, and meanwhile they are unbalancing that. In West Virginia the tax cut proposed yields that much. You cannot see it, because it is 2 dimes; 20 cents a day is what the average cut will yield to two-thirds of the taxpayers in West Virginia. To those making over \$100,000 a year, it will bring \$7 a day. I do not have enough dollar bills to put in this hand to make the \$7 a day.

What will be lost for a middle-income person, the student loan, for instance, it will be their ability to defer that interest that will be lost. What do we lose as a Federal Government? What do we lose as a Treasury? What do we lose as a society? What do we lose as an economy, besides the fact we may lose that student who might have found the cure for AIDS, or opened up the primary care clinic in rural West Virginia.

What we will lose as well is we will lose the ability of many people who are in college, if they are college graduates, to earn on the average 60 percent more than the non-4-year graduate. We will lose their ability. Yes, I understand we have been assured this will not affect the undergraduate student.

Where do the rest of the cuts come from? It is \$10 billion, of which I understand \$3 billion comes from the graduate student provision. Where does the rest come from, if it is so halcyon?

Mr. McKEON. Mr. Speaker will the gentleman yield?

Mr. WISE. I yield to the gentleman from California.

Mr. McKEON. Mr. Speaker, I really appreciate the opportunity to engage in this dialog, because what the gentleman is saying just is not true. I think it is probably just because the gentleman has not had a chance to see our proposal. But there is no elimination of the in-school interest subsidy for graduate students or undergraduate students.

Mr. WISE. The gentleman is now saying you are not going to affect the interest deferral on either graduate or undergraduate?

Mr. McKEON. Correct.

Mr. WISE. Where do you make up your \$10 billion?

Mr. McKEON. OK. \$1.2 billion comes from the termination of the direct loan program. \$4.9 billion, and this is what is really interesting, because the other night the President in his speech said that we were cutting to help the bankers. In reality, we are going after the bankers and the lenders for half of this. \$4.9 billion, we are decreasing their profit to make up half of the \$10 billion. \$3.5 billion comes from the subsidy for the interest from the time that they graduate until they have to begin paying the loan.

Mr. WISE. The 6-month period.

Mr. McKEON. Right now, any student that wants, and this is really important, because I think some of this rhetoric is scaring parents and students needlessly, because as the President commented the other day, he said this should be a nonpartisan issue. It really should be. We should be working together on this.

We were talking about eliminating those subsidies. We found other ways to do it. The President was talking about eliminating those subsidies. This probably was first suggested in the memo from Ms. Rivlin. But we found ways to do it without eliminating those subsidies.

Mr. WISE. But then there is still a balance that has to be reached. There is not only \$10 billion, as I understand it, that was originally considered out of higher education, then the Head Start, Title I and all of that, which is part of an overall pot. I am here keep it to higher education at this point. If the gentleman will continue on with where the balance of the cuts come from?

Mr. McKEON. \$3.5 billion from eliminating the interest subsidy for the 6-month period. In other words, right now a student, any student, can get a loan to go to school. Any student. If they meet the requirements, if their income is low enough and they meet the requirement, the Government will subsidize the interest while they are in school. That is the current law.

Mr. WISE. If the gentleman would let me recapture my time, let me just close by saying I will examine this. I do feel that these changes, assuming they are coming about in this way, show the power of grassroots pressure. I think it has been the reaction. I think we are going to need to talk about this some more, because we can agree on this: There are a lot of parents concerned, and justifiably so, about what the impact of these cuts will be.

#### FEDERAL ASSISTANCE WITH STUDENT LOANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. McKEON] is recognized for 5 minutes.

Mr. McKEON. Mr. Speaker, if the gentleman would like to continue this, what the program is, any student can have a loan and the Government will subsidize their interest while they are

in school. Then when they graduate, if they do not go on to graduate school, or, if they do, they have a 6-month period where they do not have to repay the loan. Then they begin repaying the loan. They have 10 years to do that. During that 6-month period, their interest at current law is also subsidized. If they go on to graduate school they can continue to borrow money and also receive an interest subsidy.

□ 2115

The undergraduate and the graduate subsidy will not be touched. What we are talking about is eliminating, as part of this, about a third of it, the interest subsidy for the 6-month period. And what that works out to be is a student that over the next 4 years borrows the maximum, little over \$17,000, when they do begin repaying it, the maximum that that could be is about \$9 a month. And we feel that that is fair, from \$4 to \$9 a month; we think that is a fair return considering that there are a lot of young people that are not able to go to school and their taxes are helping to subsidize those that do.

Does that kind of answer that?

Mr. WISE. Mr. Speaker, if the gentleman will yield, I would be delighted tomorrow to look at the statistics. I am just surprised, \$3.5 billion sounds like a lot coming out of just ending the deferral for the 6-month period. That sounds like a large amount of savings being scored to that. But I am not going to contest that.

Mr. McKEON. The numbers are there.

Mr. WISE. Is that a CBO scoring?

Mr. McKEON. Yes. That is over a 7-year period. And that gets us to the \$10 billion that we need to save.

I think what we really need to keep sight of is to stick with the facts. That is really important. I think they are bad enough as they are. There are going to be cuts, but we do not need to scare people needlessly.

The other night when I heard the President talking, again saying that we were eliminating the subsidy for students, it is just not so. I think really for the office of the President, he really should stick with the facts. He has enough to talk about on his side of the issue without distorting the facts.

Mr. WISE. Has this been reported from the Committee on Economic and Educational Opportunities?

Mr. McKEON. We held a news conference on July 27 and indicated that we would not be going after the in-school subsidy or the graduate school subsidy. So that information has been out over 1 month. The President certainly should have it. I can get you a copy of this tonight.

Mr. WISE. On Pell grants, the chairman had said this would be the highest number ever. I understand that the level of the dollar amount to an individual will be the highest ever. I have understood that.

Mr. McKEON. We raised it \$100 per individual.

Mr. WISE. But that some individuals will not be, while we have got individ-

uals able to get a higher level of Pell grant, there will not be as many individuals able to qualify for the Pell grant; is that true?

Mr. McKEON. No. What it is is we raised the lower limit so those who were borrowing a very small amount, up to \$600, not as many of them would be able to borrow. We went to the higher amount so that those who were the neediest could get the full amount.

This has been, I think, healthy to have a discussion. There is a lot that we can talk about just on the actual merits of what the real numbers are.

I think that the purpose of this whole debate is, I am new here in Congress. I have been here now, this is just starting my second term. It has been a real education to me. I came out of private industry. I was a businessman. I really did not know how the Federal budget worked or what the process was. I am still learning, every day I am learning.

But the big thing I have learned is that we have a debt of almost \$5 trillion. And these young people in school and their children and their grandchildren are going to be paying this debt. It used to be, when I was a young person, our parents worked all their lives to pay off the mortgage and then leave the farm to the children. And now it seems like what we are doing is spending our entire lives mortgaging the farm and the Government takes the farm and the children are left with the debt. We need to turn that around.

This is just one of the things that we are looking at to save a little money. I think as we spread this across the board, spread the pain of arriving at this balanced budget over a 7-year period, we will all benefit.

#### SACRIFICE

The SPEAKER pro tempore (Mr. BUNN of Oregon). Under a previous order of the House, the gentleman from Indiana [Mr. McINTOSH] is recognized for 5 minutes.

Mr. McINTOSH. Mr. Speaker, sacrifice, we all know the word. Our Founding Fathers understood the need for sacrifice. They concluded in the Declaration of Independence: We mutually pledge to each other our lives, our fortunes and our sacred honor.

Few members of our society understand the word sacrifice more than our beloved veterans. Mr. Speaker, it is our Nation's heroic veterans that bring me to the floor of the House tonight. I rise to provide this House and this Nation with an update from Indiana on the efforts over the summer in my district to honor our veterans.

I proudly report over the past several months that Hoosiers in Indiana have rightly commemorated the sacrifice that our veterans have made. I would like to mention their efforts as well as single out a few veterans whose sacrifice demonstrates the essence of that word. There is a renewal of the American sense of sacrifice, and it is being rekindled in my home town of Muncie, IN.

After a lapse of nearly 20 years, the citizens of my home town of Muncie held a Memorial Day parade to honor the veterans. My wife Ruthie and I had the honor of joining them in this expression of devotion to the men and women who have served our country in the armed services.

I mean men such as Muncie veterans Jack Reichart who served valiantly on the USS *Missouri*. Jack had the privilege of watching the Japanese premier surrender to the United States on VJ Day over 50 years ago.

In Anderson, where Hoosiers celebrate the 4th of July each year with a midnight parade, thousands lined the streets to honor those who have served their country, and honor those who gave their lives for our freedom.

Harry Mullins, one of most decorated veterans of the United States, was part of that celebration. During the Korean war, Harry's division was asked to do the impossible, they were given the task of retaining Pork Chop Hill. They did, and they did with the utmost of sacrifice. Only nine men survived that mission, and Harry was lucky enough to be one of them.

In July the citizens of Columbus held a parade to celebrate the anniversary of the end of World War II and to pay tribute to veterans. The city of Richmond held a special celebration for all veterans at the Earlham Field of Honor to recognize the special veterans in their community.

Men such as John Connelly, who was decorated for his heroic actions, John's aircraft crashed behind enemy lines in World War II. He had to hide in the ditches as the German Army platoons marched perilously close to his hiding place. Finally, John managed to find his way back to safety, back to his colleagues and the American troops who were marching through Germany.

His amazing tale was later retold in the movie "A Bridge Too Far."

Ralph Pyle, of Richmond, served in the Army during both World War II and the Korean war. Ralph earned a Bronze Star for flying 35 reconnaissance missions. Today he is a renowned photographer, and all of us cherish his photographs that bring that war so much to life in our mind's eye.

The homage to veterans began in Shelby County where they dedicated a new park, Honor Park, in honor of those men who served from their country in the defense of this country.

Mr. Speaker, today we must make a commitment. We must follow in the footsteps of Hoosiers in the Second District and remember their sacrifice, the sacrifice that more than 1 million Americans made who died to protect our inalienable rights. We must not only honor our veterans, but we must learn from their example. Now is the time for my generation to renew our commitment to this country, to remake a commitment that if we are called upon to sacrifice, we will be ready to defend the liberties that this Nation stands for.